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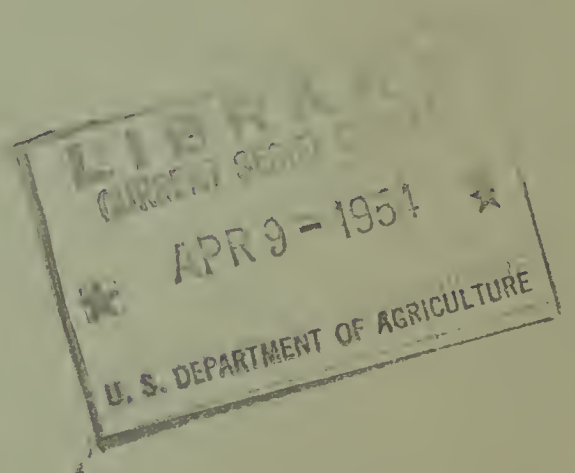


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# ANNUAL REPORT

OF THE

## OFFICE OF FOREIGN AGRICULTURAL RELATIONS



FISCAL YEAR  
1951 - 52

UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF FOREIGN AGRICULTURAL RELATIONS  
WASHINGTON 25, D. C.



## ANNUAL REPORT

1951-52

### Foreword

The fiscal year 1951-52 was noteworthy as the year in which United States agricultural exports reached an all-time high valuation of slightly more than \$4 billion and were the largest in volume in about a quarter of a century. However, these exports were chiefly from 1951 production, and as the fiscal year ended increasing difficulties and complexities in finding markets abroad for our products were developing.

The reliance of foreign countries upon United States economic aid, which has progressively diminished in recent years, declined in 1951-52 to the extent that 80 percent of the purchases by these countries of United States farm products were made with earned dollars. It was necessary for United States farm products to compete for dollars against the requirements of these markets for industrial and military items vitally needed to strengthen the economic defenses of friendly countries against aggression.

Many foreign countries which have been our more important historic markets for farm products have built up an increasingly complex web of import and exchange controls, and particularly controls of dollar exchange. This poses problems in the negotiations and arrangements involved in foreign trade in United States agricultural commodities in 1952-53.

This situation, considering United States reliance on the export market, commands particular attention, especially since American agriculture is now tooled up to export at the highest rate in our history. Total United States agricultural production is now 43 percent above prewar. In 1951 American agricultural exports were 5-1/2 times by value and double in volume what they were in the 1935-39 period. Our last wheat crop approached an all-time record at the same time that wheat production for the world as a whole reached an all-time record. United States production of wheat, cotton, tobacco, lard, soybeans, rice, and dried and fresh fruits can be maintained at present levels only if exports ranging from 25 to 50 percent of total output can be continued.

### EXPORT MARKETING AND POLICY AIDS

The Office of Foreign Agricultural Relations in 1951-52 again gave practical recognition to the cardinal importance of maximum efforts to maintain and expand our agricultural export markets. It continued its long-established activities in supplying to producers and traders information on foreign production, demand and competition, and placed major emphasis on the development of agricultural markets abroad with funds obtained under the Agricultural Marketing Act (RMA, Title II). Three full-time marketing specialists were maintained in Europe on fruits, cotton and tobacco. In addition, within the limit of funds available, part-time marketing specialists have made marketing surveys in Europe and elsewhere with

respect to grains, citrus fruits, cotton, and livestock products.

The Office's activity in promoting sales of United States farm products abroad included efforts to obtain better treatment of such products in controlled foreign markets through (1) the reduction and elimination of foreign imports quotas and exchange restrictions, and (2) the development of foreign sales opportunities through studies conducted by its marketing specialists abroad under the Agricultural Marketing Act.

Tariff Negotiations: The Office maintained surveillance on foreign compliance with the provisions of the General Agreement on Tariffs and Trade important to United States agriculture because of their effect on the freedom of entry of our products. Similarly, the Office advised the Secretary of Agriculture of actions by our Government affecting the opportunities of foreign governments to earn dollars required for the purchase of our farm products.

OFAR representatives took active part in negotiations resulting in agreement by the United Kingdom, under the General Agreement on Tariffs and Trade (GATT), to include a fair share of United States, as well as Canadian, apples in its purchase program. At the Sixth Session of GATT, an OFAR staff member, representing American agriculture on the United States delegation, successfully combatted attempts of other dairy-product exporting countries to retaliate against United States quotas on dairy-product imports under Section 104 of the Defense Production Act. And, as result of negotiations conducted under Office leadership, Cuba raised its low-duty quota on rice, our most important agricultural export to that country, by almost 40 percent for 1951-52. The Office also was successful in obtaining reductions in Venezuela's duties on imports of certain farm products including dried fruit, cheddar cheese, and barley as well as concessions on other products, including dried vegetables, barley malt, flour, and fresh fruit.

Full-time Marketing Specialists: The three full-time marketing specialists in Europe were assigned to help exporters of cotton, fruit and tobacco, and were in constant contact with European importers. They reported continuously regarding United States export problems. In addition, they gathered considerable data of assistance to Government and private agencies engaged in negotiating loans to European countries. They also helped to have part of the proceeds of such loans directed toward purchase of United States farm commodities.

Other Marketing Activity: As further aid in developing our foreign agricultural markets, Office marketing specialists made special on-the-spot marketing studies abroad with regard to such commodities as rice, soybeans, cotton, citrus fruits, and livestock products. During the year a survey was made of the rice situation in Pakistan, Burma, Thailand, and Indochina which, when concluded, showed an extremely short supply of rice in these previously rice-exporting countries, and indicated a strong demand for American rice is likely to prevail in 1952-53. These studies provided valuable background information helpful in developing a fair distribution system of United States rice exports when export controls become necessary and enabled growers and exporters to adjust their operations accordingly.

Since World War II about one-fourth of our soybean crop has been exported. Beginning about 1950 Manchurian soybeans began appearing on European and Japanese markets, and served to reduce our soybean exports by about one-half. Foreign buyers seemed to prefer the Manchurian beans, and investigation showed they were dissatisfied with the quality of American beans. It was claimed that our standards of soybean quality were below foreign standards and, furthermore, that our shipments did not conform to the grade indicated in our certificates. Since our grade certificates were final, foreign buyers would not assume the risk of buying American soybeans. An Office specialist went to Europe and made a first-hand study of the problem. Identical samples were graded by both American and foreign officials in an effort to determine the causes of this discrepancy. The problem was found to be too deep-rooted and complex for quick solution. The study made it possible, however, to start work to develop a sound basis for determining quality, in order to enable our soybean growers to regain our share of the foreign markets.

The development of Mexico's cotton-growing industry is of primary importance to American cotton producers. Because of its quality, and the manner in which it is handled, Mexican cotton is especially competitive with American in Canada and Europe. In 1951-52 an appraisal of the potential production of Mexican cotton was initiated and completed. The study showed further production expansion likely, but that the rate of increase would not be as great as in recent years, and largely dependent upon further development of irrigation, and increased use of insecticides and fertilizers. The report issued also indicated that while the mill consumption of cotton might increase somewhat, there was little possibility that it will keep up with production increases.

In March 1952 it was announced that the quarantine on Mexican cattle, imposed after a foot-and-mouth outbreak in 1946, would be lifted September 1st if then-existing disease-control conditions remained unchanged. To determine the influence of this action on Mexican cattle imports into the United States, the Office sent two specialists to study the cattle range area of northern Mexico. Their report indicated that the movement of Mexican cattle across the border during the 12 months after the lifting of the quarantine would be about what it was in the period before the quarantine was imposed. Factors in Mexico, they found, chiefly the development of the Mexican packing industry and increased consumption of meat, tended to stabilize the industry domestically. As the year ended, the Office was keeping the situation under review.

The Office published a comprehensive analysis of the Canadian livestock industry containing basic information useful in appraising the impact of the opening of the Canadian boundary--when it occurs--to shipments of live cattle and fresh meat.

United States exports of milk products to Latin America met increasing competition during 1951-52. The Office worked extensively with agricultural officers abroad to overcome barriers that tended to discriminate against United States products.

The American wool industry was kept informed regarding world developments in the supply and consumption of wool. These data were used in connection with administering legislation for the maintenance of returns to wool growers in the United States.

Office staff members and specialists also engaged in activities growing out of the operations of the International Wheat Agreement, the proposed International Sugar Agreement and in discussions relative to Agreements that may eventually be established affecting other farm commodities. They participated as advisers, counselors, or Department representatives in the work of such organizations as the International Wheat Council, the International Cotton Advisory Committee, the International Wool Study Group, the International Materials Conference, and the World Tobacco Congress.

#### BASIC RESEARCH

Much of the Office's basic research activity was directed toward study of the world trade situation in 1951-52. International competition and demand are no longer determined in over-riding measure by costs, prices, and consumer preference. Other conditions having greater weight than in the past include general economic factors, payment balances, policy influences, and world political developments. This called increasingly for preparedness with respect to information essential for effective and timely action by the United States in its domestic and foreign policies affecting agriculture. With United States financial aid to other countries continuing (although at diminishing rate) it was important that facts be known about existing foreign needs, and that the use to which the aid was put be promptly and objectively appraised. Since United States aid during the year was, and continues to be technical and educational, as well as financial, it was necessary to ascertain adequate facts about various world areas so that this type of assistance could be properly administered.

Making Information Available: United States agriculture was furnished timely, usable facts for the promotion of its interests abroad and to facilitate the carrying out of our domestic agricultural planning and programs. This was done to large degree through Office analytical and statistical reports and periodicals which conveyed current and background information about conditions and developments abroad affecting our domestic farm production and foreign farm trade. Most of these publications were distributed free upon request to about 18,000 individuals and associations in the United States farm economy through established mailing lists. In addition, many of the Office's summaries and reports were republished verbatim in farm magazines and agricultural trade journals, thus expanding to millions the actual number of American producers, handlers and exporters of agricultural products which the Office informationally served. There was an increase of about 12 percent in the number of public requests for this material. In addition, Office staff members conferred with, and otherwise engaged in personal contact with the country's agricultural leaders and farm associations in an informational service capacity frequently during the year.

Important nonperiodical publications during 1951-52 included such works as Agricultural Production and Food Consumption in Western Europe, A Survey of Soviet Russian Agriculture, and The Agricultural Economy of Indonesia. There also were published studies of the citrus industries of North Africa, Israel, and Italy, and The Foreign Agricultural Situation, and numerous other reports relating to opportunities for sales abroad of United States farm products.

#### STAFF AND SERVICE FUNCTIONS

As a source of information regarding food and agriculture conditions, developments and prospects abroad, the Office continued to serve the needs of the Government in general and the Congress in the daily conduct of domestic and foreign policy. Developments abroad in agriculture and food continued to be of great concern to the entire United States in 1951-52.

The Office during the fiscal year further carried out its traditional and basic responsibility of collecting and analyzing information on the production, and consumption of, and trade in agricultural products throughout the world, and on the natural, economic and policy factors that determine these developments. For this service the Office depended heavily upon the activities of agricultural-trained U. S. Foreign Service officers located abroad. Hence, it remained essential for OFAR to retain a substantial measure of authority regarding the appointment, transfers, and promotions of these officers, as well as over the content and timing of their reports. This posed during the year some inter-departmental relationship problems which have not yet been solved.

Agricultural Work in the Foreign Service: Discussion of these problems in regard to the division of responsibilities and authority as between the Department of State and the Department of Agriculture continued during the year.

The House of Representatives Committee on Agriculture became concerned about the status of agricultural work in the U. S. Foreign Service.

After prolonged discussions a formal agreement known as the Brannan-Webb Agreement was reached between the two Departments recognizing the broad responsibility of the Secretary of Agriculture in foreign agricultural matters and assuring to the Department of Agriculture essential prerogatives in the selection and transfer of foreign agricultural reporting officers and in the formulation of foreign agricultural reporting schedules.

This Agreement was published by the Agricultural Subcommittee in House Report of August 23, 1951. It was concluded after the issuance of Executive Order 10249 of June 4, 1951, which had the intent and effect of strengthening the authority of the Department of State in the entire field of foreign reporting. In the opinion of the Department of Agriculture, the Brannan-Webb Agreement established an appropriate modus operandi under that Order as far as agricultural reporting was concerned. However, the State Department has not accepted that interpretation, and conversations continued into the 1952-53 fiscal year in an effort to establish a firm and clear understanding of the procedures to be followed in order to assure conformity both

with Executive Order 10249 and the Brannan-Webb Agreement. Lack of such understanding has created serious foreign agricultural reporting problems and has handicapped OFAR's world fact-finding operations.

#### FOREIGN TECHNICAL COOPERATION

During 1951-52 it became increasingly evident that the progressive, prosperous agriculture of the United States, efficiently capable of not only meeting the country's own needs but also of furnishing a probable record value of exports, can depend upon future overseas markets only to the extent that foreign economies are prosperous, governments are stable, and there is healthy international trade. The Office's participation in technical cooperation programs (Point 4) was intensified during the year, aimed at the foregoing long-range mutual objective.

Point 4 Technical Direction: There was substantial growth in the responsibilities of the Office in connection with agricultural aspects of the Point 4 foreign technical assistance program. The Office during the year served as the center of technical agricultural direction for the program, and as the employment agency for American agricultural technicians to be sent abroad. It also conducted a training and orientation program for foreign agricultural officials, scientists and technicians visiting the United States. In these activities the Office functioned in a liaison capacity between the Technical Cooperation Administration and Mutual Security Agency on the one hand, and the technical bureaus of the Department of Agriculture, the Land-Grant institutions and experiment stations on the other. During 1951-52 a total of 185 American agricultural technicians were recruited and processed for foreign assignment and over 3,100 foreign agricultural visitors were received and directed through training courses ranging from 1 to 2 weeks up to a full year.

In the previous year OFAR had 55 agricultural technicians working on Point 4 overseas assignments. During 1951-52 this number was multiplied nearly by five and the number of countries assisted rose to 25. At the same time the Office handled educational and training programs for a record number of foreign visitors who came to the United States for varying periods of agricultural study. In the previous year such visitors numbered 2,800; during 1951-52 they increased to 3,167.

These technical assistance activities centered in an Office branch which received none of the Office's regularly appropriated funds but, instead, was financed entirely by transfer of funds from the various foreign assistance programs with which it cooperates, principally the Mutual Security Agency and State Department's Technical Cooperation Administration.

Coordinating U.S. Agricultural Competence: The Office was instrumental in getting an increasing number of competent agricultural agencies, institutions and organizations of the United States to participate directly in Point 4 work. (Since the beginning of the Point 4 program, the Office has insisted that leadership and participation in technical cooperation programs must not be narrowed to a few Government agencies but must bring into play the total competence of the United States in each subject-matter field.) The Department's

Bureau of Entomology and Plant Quarantine, for example, was given direct responsibility for Point 4 locust control in the Middle East. By the end of the fiscal year, 7 Land-Grant institutions were under contract with TCA to carry out Point 4 agricultural work.

The year 1951-52 was the 10th anniversary of the Office's participation in foreign technical cooperation programs. On April 21, 1942 the United States Government signed an agreement with Peru to give advisory assistance to a group of colonists who were opening new territory near the small village of Tingo María in the northeastern part of the country, and the project was assigned to the Office. Since then the Office has had technical advisers at an agricultural station at Tingo María and the project has become outstandingly successful.

Work Shows Results: During the year the Office, in its foreign cooperative work, was able to point to specific instances of increased foreign productivity and new wealth attributable directly to this activity. Behind these specific examples, however, there was something even bigger and more important -- the new groundswell of progress moving forward over a broad front in areas of the world where development has been stagnant. In most underdeveloped countries investment potential is too little utilized because the "climate" for business-like investment is not favorable. In 1951-52, however, there was improvement in this connection in some areas. Much of this improvement was traceable to the new public services being rendered by new or improved agricultural institutions, including research stations, agricultural schools, and extension services. Office technicians worked directly with such institutions in advisory and training capacities.

Progress does not always show up immediately or concretely, but examples of specific progress resulting from the Office's technical cooperation include the following: New poultry management and feeding practices developed cooperatively by Point 4 in Central America enabled farmers there to expand their commercial poultry industry. Soil tests by Point 4 technicians in Bolivia showed the need for phosphate fertilizers, thus establishing incentive for commercial development of a recently-discovered huge deposit of phosphate rock. Tropical American livestock raisers have taken on new hope for their important industry because Point 4 technicians successfully demonstrated new insecticides in controlling insects that always plague cattle in such areas.

Foreign Visitors: Visitors to the United States are continuing to learn at first-hand the values of maintaining such public services as agricultural schools, experiment stations, and extension services and other related agricultural activities. The intense interest of foreign people in learning about United States agriculture was indicated by the fact that of all the foreign visitors, more than half came independently of United States financial aid.

Although much of the Office's 1951-52 technical cooperation work was of bilateral nature, some involved cooperation with the more than 200 agricultural specialists of the Food and Agriculture Organization of the United Nations.





